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Party to "develop the political consciousness of the masses"; i.e. to instruct them in politics and to condition them for the forthcoming elections. An assortment of slogans has been prepared for use in conducting this "educational" campaign.

4. Three months ago a systematic defamation and discrediting campaign directed against the future Governor of the Free State was set in motion by the Communists and has since been persistently maintained. The Governor, who is to be nominated by the Security Council of the United Nations, is already being branded and attacked as one who will be representative of Anglo-American imperialism. Both Allied powers are being accused of conspiring to convert the Free State into their "colony" to serve as a base in their struggle against "progressive democracy".
5. Dr. Toncich, Dr. Ivan Chok and Dr. Besednjak are being definitely mentioned as prospective Yugoslav members of the interim government. None of these is a Communist, yet all three support the present Communist regime in Yugoslavia.
6. During December the Communists continued with undiminished vigor their anti-Allied campaign in the daily press, at public and secret meetings, and in their circular letters. The Allies are branded as "capitalists", "imperialists", "colonizers", "dens of reaction", "oppressors of small nations", etc. At secret Communist meetings it has been stated that "the masses" suffer from fatigue caused by their ceaseless struggle against the Anglo-Americans. Opposition to the Allies is being gradually shifted mainly to social and economic grounds, where it may be expected to score a series of relatively easy successes because of the serious economic situation prevailing in Trieste and the general discontent caused by the acute shortage of fuel, electric current, gas, the scarcity and irregularity of the water supply and the extremely high living costs. In this respect, the present situation, two years after the end of hostilities, is far more serious than that which existed during the war.
7. The first month of the new year in Venezia Giulia is marked by universal fear of the future. The Slovenes and Croats who do not share the Communist ideology and oppose the present regime in Yugoslavia are considerably alarmed. Equally frightened are the Italians. The Communists, employing their familiar tactics, do their best to spread the general feeling of fear, personal insecurity, and psychological terror. The people are terrified by the ever-present danger of abduction (seventeen individual cases of kidnapping have thus far been reported) and by the ill-famed "black automobile" which circulates in and around Trieste after dark, kidnapping adversaries of the Communists.
8. The terms of the settlement of the Trieste problem, particularly the clause whereby 5,000 Yugoslav soldiers will participate in the Allied occupation force, have brought about considerable discontent among the Yugoslav nationalists, to say nothing of the Italians. It is generally asserted that it is futile and illusory to talk about free life in the New Free State with the Communist elite present in the territory. It is predicted that free elections in Trieste will be

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similar, if not identical, to present Yugoslav elections because Communist intimidation tactics and methods have already produced widespread fears determining the general mood of the population, and such fears are likely to increase. Much speculation goes on as to why the British and Americans have agreed to parity with Yugoslavia in the number of occupation troops. Widely held is the surmise that the agreement represents an attempt to avoid armed resistance which the Yugoslavs might put up if they were ordered to withdraw from that part of Zone "B" which is to be incorporated into the Free State under the latest settlement. The presence of the Yugoslav troops may be counted upon to render the solution of the whole Trieste problem more complex and unpleasant.

9. Following the settlement reached in New York, the "People's Authorities" tightened the press control. Numerous persons were also deprived of their legal passes which permitted them to cross into Zone "A". Religious songs and traditional Christmas celebrations were banned in the schools. Searches of private houses and dwellings were carried out, followed by sequestration of money when and if discovered in excessive amounts. Numerous shops and other enterprises are reported to have been taken away from their legal owners and transferred to state ownership and administration.
10. The Communists have been making speedy preparations for their future subversive underground activities in Trieste, which should enable them at a later stage to bring the situation under their total control, thereby paralyzing such of the Governor's actions as shall be determined unfavorable to the Communist cause. The special three-month political courses in Opatija and Postojan attended by the Communist leaders were directed toward this purpose. Communists are being planted in the Venezia Giulia Police force and in other agencies where they falsely represent themselves as being fervent and loyal nationalists or as being outside of any political party and ideology. All servants - chambermaids, doorkeepers, porters, etc. have been engaged by the Communists and organized to carry out espionage work; post and telegraph employees, communal registry office personnel, as well as other employees of city agencies and offices have secretly been organized to communicate and supply information demanded by the Communists.

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